



COLLEGE SAVINGS

PLANS OF MARYLAND

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CollegeSavingsMD.org 888.4MD.GRAD (463.4723)

2013 Back-To-School Newsletter

Borrowing Versus Saving Can Double the Cost of College

Wish you had the power to cut your child's future college costs in half? According to a recent article in *The Wall Street Journal*,¹ you probably already do.

The power lies in saving now versus borrowing later, say Weekend Investor columnist Kelly Greene and Stuart Ritter, a financial planner at T. Rowe Price. To cover \$25,000 in college costs, a family could put away \$92 a month into a 529 plan for 15 years—a total investment of \$17,000.² A family choosing to borrow the \$25,000 instead would have to repay roughly \$35,000 (or approximately \$300 a month over the next ten years).³ Their total debt would be double the amount put out by the family who saved.

“Student loans saddle children with a huge financial burden just as they are starting out on their own,” says Joan Marshall, Executive Director of the College Savings Plans of Maryland. “A little early planning can save families a lot of stress and expense down the road.”

Saving isn't just good for your children's future—it can be good for your future, too. Money saved in borrowing costs can be put towards other investments such as retirement. Just think about what you could do with potentially \$17,000 extra.

The College Savings Plans of Maryland offers two flexible and affordable 529 plans that let you put the power of saving on your side. Learn more at CollegeSavingsMD.org.



¹Kelly Greene, “How To Save Enough for College,” *The Wall Street Journal*, 7 June 2013 ²Assuming a return rate of 6% and an annualized plan fee of 0.85% ³Assuming a 6.8% loan rate

“We have Maryland College Investment Plans for our nine grandchildren. My wife and I like the tax benefits and the versatility of the plans; if one child doesn't use his or her benefits, they can transfer to another.”

Raoul C. Vandenbosche

The Smart Parent's Savings Guide

With the kids back in school, now is the perfect time to focus on saving for their college education. Here are three easy ways to ace your planning.

Do Your Homework

Visit CollegeSavingsMD.org to learn about our 529 plan options, watch a free prerecorded webinar, and download an Enrollment Kit. Plus, call 888.4MD.GRAD or check our website for upcoming live webinar dates where you can get answers to your specific questions.

Check Your Math

See the back of this newsletter to learn how you could maximize your annual Maryland income deduction and potentially save even more over the long term.

Remember Your Due Dates

December 1 - April 7: 2013-2014 Maryland Prepaid College Trust (MPCT) Enrollment Period

Enrollment prior to December 1, 2013 is only open to infants under the age of one; current account holders/beneficiaries in the Maryland College Investment Plan (MCIP); and current account holders/beneficiaries in the MPCT who wish to purchase additional semesters/years. (NOTE: Enrollment in the MCIP is open year-round.)

December 13: Deadline to Add Bank Information Online

If you haven't already, add your bank information to your account(s) to make last-minute, deduction-eligible, online contributions.

December 31: 2013 Tax Eligibility Deadline

Postmark or make an online contribution to your Plan by this date to be eligible for a 2013 Maryland State income deduction. Contributions or payments made after this date may be eligible for a 2014 Maryland income deduction.

Income Deduction 101: How to Maximize Your Annual Maryland Income Deduction

Did you know the Maryland College Investment Plan (MCIP) and Maryland Prepaid College Trust (MPCT) are the only 529 plans that offer a State income deduction to Maryland taxpayers? If you are a Maryland taxpayer, there are several ways you can make this benefit work harder for you. Here's one example:

Open accounts in both plans

You may deduct up to \$2,500 for each beneficiary you have in MCIP, and each account you hold in MPCT for your contributions in that tax year.

Have your spouse and other family members do the same

Each account holder is eligible for deductions, regardless of whether you are married or whether you file taxes individually or jointly.

Open accounts for each child

You and your family members can earn additional deductions if you open and fund accounts in one or both plans for each child in your family.

Open an account for yourself

Thinking of completing a degree or pursuing a graduate degree? You and your family members can each open an account for you in the Maryland College Investment Plan for additional Maryland income deductions.

Reinvest your tax savings into your child's future

The Maryland Comptroller estimates that each \$2,500 deduction saves you \$190 on State and Local taxes.* Assuming you and your spouse reinvest the money saved from four annual \$2,500 deductions—\$760—for 10 years at a 6% projected rate of return, you could have just over \$10,500 in additional savings for your child's future.

Visit CollegeSavingsMD.org or call 888.4MD.GRAD (463.4723) to learn more. As with all State and Federal tax matters, please consult with your tax advisor.

*This is a hypothetical scenario and the amount of savings from your income deduction may vary.

**Assumes an investment in a tax-deferred vehicle with a 6% hypothetical rate of return compounded annually and a 0.20% annual program fee. This is for illustrative purposes and does not represent the return of any specific investment option. Investment returns in a college savings plan will vary and may be higher or lower than in this example.



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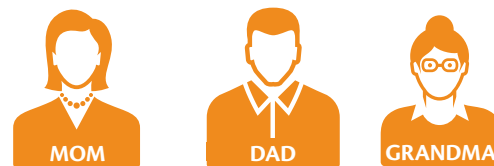
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Please carefully read the Enrollment Kit, available online, which describes the investment objectives, risks, expenses, and other important information that you should consider before you invest in the College Savings Plans of Maryland. Also, if you or your beneficiary live outside of Maryland, you should consider before investing whether your state or your beneficiary's state offers state tax or other benefits for investing in its 529 plan.

College Savings Plans of Maryland, Administrator and Issuer.

T. Rowe Price Associates, Inc., Program Manager and Investment Adviser,
Maryland College Investment Plan.

T. Rowe Price Investment Services, Inc., Distributor/Underwriter, Maryland College Investment Plan



PLANS	ANNUAL ACCOUNT HOLDER CONTRIBUTIONS		
MCIP	\$2,500	\$2,500	\$2,500
MPCT	\$2,500	\$2,500	\$2,500
DEDUCTIONS	\$5,000	\$5,000	\$5,000

\$10,000 combined
annual income deduction
Account holders can deduct
contributions regardless of their
marital or tax filing status
(individual or joint).

FREE Presentation for Your PTA or Parents Group

Make it easy for your fellow parents to get answers to their college savings questions by inviting the College Savings Plans of Maryland to speak at your next PTA meeting, parents night, or other school/group event. You pick the place and we'll provide one of our knowledgeable speakers at no cost. Complete our online Speaker Request Form now at CollegeSavingsMD.org/Speaker-Request-Form.aspx.

“ The Prepaid College Trust has been a great program for our daughter, and allowed us to save for college very effectively. Her time at Towson was made even more enriching in that we never had to worry about how much debt she was incurring. In, short, we have sung the praises of the College Savings Plans of Maryland to our friends and family. **”**

John Spears